

SESSION 02-01 OF ALTERNATE REPRESENTATIVES

SUMMARY RECORD

The Council, represented by its Alternate Representatives, met on 7 and 8 March 2002 in Mexico City (Mexico). Ms. Christine Guay and Ms. Norine Smith (Canada) successively chaired the meeting. Ms. Olga Ojeda Cárdenas and the Honorable Judith E. Ayres represented Mexico and the United States respectively. Ms. Janine Ferretti, CEC executive director, represented the Secretariat and Mr. Cristóbal Vignal, Council secretary, acted as secretary for the session. Other officials of the Parties and the Secretariat were also in attendance (Annex A).

Item 1 Adoption of the agenda

The Alternate Representatives adopted the agenda based on the provisional agenda (Annex B).

Item 2 Report by the executive director

The executive director provided a progress report on activities of the CEC. The notes from her report can be found under Annex C. Among other issues, the executive director offered to provide the Parties with any additional information they may require relating to the first “Financing and the Environment” meeting, which the CEC will host in New York on 25 March 2002, in conjunction with the *Centro de Estudios del Sector Privado para el Desarrollo Sostenible* (CESPEDES). In light of the upcoming conference of the Global Environment Facility on Financing for Sustainable Development to be held in Monterrey, Mexico, the Parties directed the Secretariat to develop a general outline of innovative approaches to financing, which could be presented at the meeting, based on the experiences and successes in the relationship between the North American environmental agenda and the financing sector. The Parties each elected one representative from their respective delegation to be part of a breakout group that was asked to develop a general outline of CEC achievements to be highlighted at the margins of the meeting. Reflecting on the Environment and Trade officials meeting held in Montreal on 18 January 2002, the Parties expressed the need to revise the Executive Director’s report regarding to what extent the Commission should consider issues involving environmental assessments of trade agreements not specific to NAFTA.

In response to a question raised relating to water issues, the Secretariat indicated that a report on accomplishments to date would be ready this fall. A copy of the draft version of the report from the Expert Workshop on Freshwater in North America held on 21 January 2002 was handed to the Alternate Representatives.

Item 3 Approval of Summary Record

The Alternate Representatives approved the summary records of Session 01-06, held from 14 to 16 November 2001.

Item 4 Secretariat's Article 13 report on Electricity Restructuring

The Secretariat presented highlights from the findings and recommendations of the Secretariat's Article 13 report on Electricity Restructuring (Annex D). The Alternate Representatives exchanged views on JPAC's request that the Article 13 report on electricity be made publicly available, immediately upon its submission to Council. The Alt Reps agreed that they should wait until they receive the report, and agreed to discuss this issue further during a subsequent conference call.

Item 5 2002 Regular Session of the Council

Item 5.1 Draft agenda

The Alternate Representatives exchanged views on the outline of proposed items for discussion and decisions by the Council, developed by the Secretariat. The Secretariat proposed that two main objectives of the meeting could be to review progress since the Council's last meeting and exchange views on the upcoming World Summit on Sustainable Development.

The Alternate Representative from the United States took the opportunity to commend JPAC, the Expert Advisory Board and the Secretariat, in particular Erica Phipps, for their excellent work in developing a trilateral agenda on Children's Health and the Environment. She suggested that this could be a possible topic for JPAC in the context of the 2002 Regular session.

Referring to the proposed Trade and Environment ministerial meeting to be held in 2003, the Alternate Representatives agreed that one of the possible agenda items could include a ten-year retrospective. The Alternate Representative from the United States invited her counterparts to exchange views on possible agenda items, via a conference call as soon as possible, in light of the upcoming meeting of the NAFTA deputies.

As host of the 9th Regular Session of the Council, Canada offered to work with the Secretariat in developing a first draft of the session communiqué, for discussion at the next session of Alternate Representatives. The Parties discussed that the communiqué could cover the following topics: i) partnerships for sustainable development in the North American context; ii) environment and health; iii) sustainable management of natural resources; iv) environmental governance; and v) finance. Regarding the finance issue, the Parties agreed to revisit this item following the April 22 meeting to be held in Philadelphia.

Item 5.2 General program and format of the public session

The Alternate Representatives agreed to a two-hour public session format. The Parties agreed that a

brief report from JPAC on the results of the round table discussion would be useful during the joint Council and JPAC meeting. They further agreed that the results of the networking session should be presented by selected rapporteurs during the part of the meeting when the floor is opened to the public, following the oral presentations by pre-registered participants.

The Alternate Representatives reviewed the general program of events and agreed that the joint meeting with JPAC and public session on 18 June be moved forward by one hour, in order to avoid breaking up the Council's in-camera session.

Item 6 Submissions on Enforcement Matters under Articles 14 and 15

Item 6.1 Submission SEM-00-005: Molymex II

The Council's vote on whether to instruct the Secretariat to prepare a factual record on the matter—as notified in the Secretariat's Article 15(1) determination of 20 December 2001—was deferred to the next session of Alternate Representatives.

Item 6.2 Submission SEM-97-002: Rio Magdalena

Further to the Secretariat's Article 15(1) determination dated 5 February 2002, the Alternate Representatives instructed the Secretariat to prepare a factual record on Submission SEM-97-002, as per Council Resolution 02-02 (Annex E).

Item 7 Informal meeting with JPAC

The Alternate Representatives exchanged views on the main issues to be discussed during the informal meeting with JPAC, immediately following this session, such as the 2002 Regular Session of the Council, the outstanding recommendations from the list of other matters in the JPAC report on Lessons Learned, the JPAC public review of issues concerning the implementation and further elaboration of Articles 14 and 15 and the vision for the CEC.

The Alternate Representatives exchanged preliminary views on the CEC vision and agreed on the need for a retrospective analysis to provide the organization with a new boost and demonstrate its value-added. Mexico offered to put forward a proposal for the Parties' consideration.

Item 8 CEC Contribution to the World Summit on Sustainable Development

The Alternate Representatives provided guidance to the Secretariat on the CEC's contribution to the World Summit on Sustainable Development to be held in September 2002 in Johannesburg. The Alternate Representatives asked the Secretariat to ensure availability of examples of the CEC's work at the Third PrepCom meeting to be held in New York from 25 March to 5 April 2002, in order to have an impact on the process and share accomplishments. The Secretariat was also asked to develop a

proposal for a CEC hosted event in the context of the Fourth PrepCom meeting to be held in Bali from 27 May to 7 June.

The Alternate Representatives instructed the Secretariat to prepare a short publication showcasing the CEC as a regional model in the context of North American environment and economic integration, for both PrepCom IV and the WSSD meeting.

Item 9 Program Evaluation

The Secretariat updated the Parties on progress relating to the implementation of the program evaluation. The Secretariat indicated that the templates for the Mexico Liaison Office would be available within the next ten days, while the final templates and draft terms of reference for the evaluations would be available toward the end of March 2002. In response to a question by Mexico regarding whether the current methodology contemplated an evaluation of internal processes, the Secretariat informed the Parties that this was outside of the current scope of the exercise. Mexico, supported by the United States and Canada, requested the Secretariat to set up a mechanism to evaluate processes. The Parties commended the Secretariat for the results achieved to date and looked forward to those to come.

Item 10 Next session of Alternate Representatives

The Alternate Representatives agreed to meet next via conference call and asked the Secretariat to look into the scheduling of a two-hour conference call on either 23 or 24 April. They further asked the Secretariat to plan a similar conference call toward the end of May, in advance of the fourth WSSD PrepCom meeting.

Item 11 Closure of the session

The Chairperson thanked Mexico for its hospitality and for providing such a wonderful, gracious and relaxed venue.

SESSION 02-01 OF ALTERNATE REPRESENTATIVES

Mexico City, Mexico, 7-8 March 2002

Delegations list

CANADA

Alternate Representative Norine Smith, Environment Canada
Christine Guay, Environment Canada
Jenna MacKay-Alie, Environment Canada
Rita Cerrutti, Environment Canada
Tudor Hera, Department of Foreign Affairs and International Trade
David Morgan, Department of Foreign Affairs and International Trade

MEXICO

Alternate Representative Olga Ojeda Cárdenas, Semarnat
Israel Nuñez, Semarnat
Mauricio García Velasco, Semarnat

UNITED STATES

Alternate Representative Judith E. Ayres, Assistant Administrator, U.S. EPA
Paul Cough, U.S. EPA
Oscar Carrillo, U.S. EPA
Jocelyn Adkins, U.S. EPA
Erwin D. Rose, U.S. Department of State
Kent Shigetomi, U.S. Trade Representative
Larry Sperling, U.S. Embassy Mexico City
Dana Weandt, Embassy of the United States of America
Willem Brakel Embassy of the United States of America

SECRETARIAT

Executive Director Janine Ferretti
Hernando Guerrero
Cristóbal Vignal
Julie-Anne Bellefleur
Geoffrey Garver
Carla Sbert

**SESSION 02-01 OF ALTERNATE REPRESENTATIVES
AGENDA**

Held on Thursday, 7 March 2002 from 4:00 PM to 9:00 PM
and on Friday, 8 March from 8:30 AM to 2:00 PM

Instituto Nacional de Desarrollo Social (INDESOL)
Calle Segunda Cerrada de Belisario Domínguez 40
Colonia Del Carmen Coyoacán
Delegación Coyoacán
México, D.F.

- Item 1 Adoption of the agenda
- Item 2 Report by the Executive Director
- Item 3 Adoption of summary record
- Item 4 Secretariat's Article 13 report on Electricity Restructuring
- Item 5 2002 Regular Session of the Council
- Item 6 Submissions on Enforcement Matters under Articles 14 and 15
- Item 7 Informal meeting with JPAC
- Item 8 CEC Contribution to the World Summit on Sustainable Development
- Item 9 Program Evaluation
- Item 10 Next session of Alternate Representatives
- Item 11 Closure of the session

Note:

- A working dinner and breakfast is scheduled for 7 and 8 March, respectively.
- The joint JPAC/Alternate Representatives meeting, scheduled in the afternoon of 8 March, will be preceded by an informal lunch with JPAC.
- The Parties delegates, JPAC members and Secretariat staff are invited to a cocktail on 8 March, following the joint meeting with JPAC at Château de la Palma, Providencia No. 726, Colonia Del Valle.

- Interpretation in the three languages will be provided for the regular session of Alternate Representatives and joint meeting with JPAC.

**SESSION 02-01 OF ALTERNATE REPRESENTATIVES
ANNOTATIONS TO THE AGENDA**

Item 1 Adoption of the agenda

The Council shall adopt the agenda.

DOCUMENTS:

- a) Draft annotated agenda (distributed 28-2-2002) C/C.01/02-01/AGEN/01/Rev.3

Item 2 Report of the Executive Director

The Executive Director will briefly address the Council on Secretariat activities and matters requiring their attention.

DOCUMENTS:

- a) Executive Director's report (distributed 28-02-2002)

Item 3 Adoption of Summary Records

In accordance with Council Rules of Procedure (R.11), the Executive Director prepared the summary record of Session 01-06. The Alternate Representatives are expected to approve the summary records.

DOCUMENTS:

- a) Session 01-06 draft Summary Record (distributed 28-02-2002) C/C.01/01-06/SR/01/Rev.3

Item 4 Secretariat's Article 13 report on Electricity Restructuring

The Secretariat will brief the Alternate Representative on the findings and recommendations of the Secretariat's Article 13 report on Electricity Restructuring.

The Alternate Representatives may wish to exchange views on JPAC's request that the Article 13 report on electricity be made publicly available, immediately upon its submission to Council.

DOCUMENT(S):

- a) Letter to Council from JPAC Chair dated 22 February 2002
- b) Letter from Council to JPAC dated 4 February 2002 (distributed by CA)
- c) Letter to Council from JPAC Chair dated 13 December 2001

Item 5 2002 Regular Session of the Council

Under this item, the Parties are invited to make final decision on the general program of events and

review agenda items for the 9th Regular Session of the Council to be held on 18-19 June 2002 in Ottawa, Canada.

Item 5.1 Draft agenda

The Alternate Representatives are invited to review and discuss the draft agenda for the 9th Regular Session of the Council and exchange views on the main questions to be addressed by the Council in its in-camera session.

DOCUMENTS:

- a) Provisional agenda (to be distributed) C/02-00/AGEN/01
- b) Outline of proposed items for discussion and decision (distributed 28-02-2002)
- c) Communiqué of the 2001 Regular Session of the Council

Item 5.2 General program and format of the public session

The Alternate Representatives are expected to finalize the general program of events, the program of events opened to the public, including format of the public session. Taking into account the April 21 deadline for the public to submit their request for financial assistance and/or to make an oral presentation at the public meeting of the Council, the provisional program of events opened to the public should be released no later than 15 March, along with the public notice of the meeting

DOCUMENTS:

- a) Draft general program (distributed 6-02-2002) C/02-00/PROG/01
- b) Draft program of events opened to the public (distributed 28-02-2002) C/02-00/PROG/02
- c) Format of the public session held in 2001 (distributed 21-02-2002) C/01-00/PLAN/03/Rev.3
- d) JPAC Advice 01-10: Public Portion of the Council Session (distributed 4-12-2001)
- e) Timeline for the preparation of the 2002 Session of the Council (distributed 21-02-2002) C/02-00/PLAN/02/Rev.1

Item 6 Submissions on Enforcement Matters under Articles 14 and 15

The Alternate Representatives are expected to address any outstanding issues relating to Submissions on Enforcement Matters under Articles 14 and 15.

Item 6.1 Submission SEM-00-005: Molymex II

Pursuant to Guideline 10(2), the Secretariat informed the Council on 20 December 2001 that it considers that submission 00-005 warrants developing a factual record. As provided by Article 15(2) of the NAAEC, Council may, by a two-thirds vote, instruct the Secretariat to prepare a factual record on the matter.

DOCUMENTS:

- a) Draft Council Resolution (to be distributed by MX)
- b) Secretariat's Article 15(1) notification dated 20 December 2001

Item 6.2 Submission SEM-97-002: Rio Magdalena

Pursuant to Guideline 10(2), the Secretariat informed the Council on 5 February 2002 that it considers that submission 97-002 warrants developing a factual record. As provided by Article 15(2) of the NAAEC, Council may, by a two-thirds vote, instruct the Secretariat to prepare a factual record on the matter.

DOCUMENTS:

- a) Canadian comments to the draft Council Resolution (distributed by CA 27-02-2002)
- b) Draft Council Resolution (distributed by MX 21-02-2002)
- c) Secretariat's Article 15(1) notification dated 5 February 2002

Item 7 Informal meeting with JPAC

Under this item, the Alternate Representatives may wish to exchange views on the main items to be discussed with the JPAC during the informal meeting to be held on 8 March in the afternoon (i.e., 2002 Regular Session of the Council, Articles 14 and 15, vision for the CEC).

DOCUMENT(S):

- a) General program for Session 02-01 of Alternate Representatives and informal meeting with JPAC (distributed 6-02-2002)
- b) Provisional agenda for JPAC Session 02-01 (distributed 6-02-2002)
- c) Letter from Council to JPAC in response to the recommendations from the JPAC Lessons Learned Report (to be distributed)
- d) Refer to other supporting documents for agenda item 5

Item 8 CEC Contribution to the World Summit on Sustainable Development

The Alternate Representatives will review progress related to the contribution of the CEC in support of the World Summit on Sustainable Development to be held in Johannesburg in September 2002.

DOCUMENT(S):

- a) Letter from the Alternate Representatives to the Executive Director (to be distributed)
- b) Memo dated 16 January 2001 from the Executive Director and briefing note (distributed 16-01-2002)
- c) Summary of GSC discussion on CEC contribution to WSSD (distributed by CA 7-02-2002)

Item 9 Program Evaluation

The Secretariat will update the Parties on progress and initial results of the newly implemented program

evaluation mechanism.

DOCUMENT(S):

- a) Memorandum dated 29 January 2002 from the Secretariat re: General update on the status of the evaluation process (distributed 7-02-2002)
- b) Evaluation framework of the CEC, principles and procedures (distributed 7-02-2002)
- c) Implementation of the Monitoring and Evaluation framework of the CEC, principles and procedures (distributed 7-02-2002)

Item 10 Next session of Alternate Representatives

The Alternate Representatives are invited to confirm the date of their next session tentatively scheduled for 23 and/or 24 April 2002.

DOCUMENTS:

- a) Schedule of sessions of Alternate Representatives for 2002 (distributed 21-02-2002)

C/C.01/02-01/PLAN/01/Rev.1

Item 11 Closure of the session

The Chairperson is expected to close the session.

Notes for the report of the Executive Director on the Activities of the Commission for Environmental Cooperation

Mexico, D.F.
7–8 March 2002

1 PROGRAM UPDATE

1.1 Environment, Economy and Trade

1.1.1 Assessing the Environment in the Context of North American Market Integration

The proceedings of the first North American Symposium on Understanding Linkages between Trade and Environment, together with the revised and final versions of 14 sectoral case studies, have been translated, published, distributed and made available on the CEC web site on the February 13th.

The meeting, “Assessing the Environmental Effects of Trade Liberalization,” hosted by the CEC on the 17th and 18th of January 2002, brought together approximately 80 experts from federal agencies of Canada, Mexico and the US, as well as from academia, NGOs, and international institutions such as the OECD, UNEP, and the Secretariat of the Convention on Biodiversity (CBD). The meeting focused on assessment approaches and the environmental implications of agricultural trade liberalization. The group was also given an update on the CEC’s studies on energy, conducted under Article 13. The meeting marks an important step forward in the CEC’s work in environmental assessments of trade: it combines backwards- and forwards-looking environmental assessments and broadened the scope of the CEC’s work beyond NAFTA issues, to include environmental issues arising from ongoing negotiations at the WTO and FTAA.

Seven background papers produced for the meeting are now available on the CEC web site for comments (with executive summaries translated into French and Spanish). They are:

- Environmental Impacts in the Agricultural Sector: Using Indicators as a Tool for Policy Purposes
- Environmental Impacts of the Changes in US-Mexico Corn Trade Under NAFTA
- Backgrounder on the Status of Agriculture Negotiations at the WTO Focusing on NAFTA Parties and the Key Trade Liberalization Provisions of the WTO Uruguay Round Agreement on Agriculture
- Changing Biodiversity, Changing Markets: Links Between Agricultural Trade, Markets and Biodiversity
- Environmental Reviews of Trade Agreements: Assessing the North American Experience
- Trade Liberalization Impacts on Agriculture: Predicted vs. Realized
- Understanding and Anticipating Environmental Change in North America: Building Blocks for Better Public Policy (*this is the final document to be produced by the Critical and Emerging Environmental Trends in North America project. It will be translated into French and Spanish, published, and distributed to the Parties and other stakeholders*).

Proceedings of the meeting, including potential future steps, were sent to the participants with the proceedings and revised final papers of the first North American Symposium on Understanding Linkages between Trade and Environment. They are also available on the CEC’s web site at <www.cec.org/symposium>.

The CEC will soon arrange a conference call to decide on the membership and role of the advisory group that will provide advice to the CEC on the next phase of its assessment work, combining ex post and ex ante assessments of trade agreements, including steps for the near future to follow the results from the meeting. The main focus of this next analytic phase will continue at the sectoral level, centering on agriculture and energy (and energy-related services).

1.1.2 Supporting Environmental Protection and Conservation through Green Goods and Services

(This project was merged with the Assessing Environment and Trade Relationships project above.)

1.1.3 Financing in Support of Environmental Protection and Conservation

The CEC is co-sponsoring a “Green Purchasing” meeting in Philadelphia 22–25 April with the Center for a New American Dream and TerraChoice Capital Inc. The ministers of environment of the three NAFTA Parties have been invited.

Shade coffee

The CEC has commissioned the Maya Institute in Mexico to document and study the entire coffee production/consumption chain—from the financier and the growers, to the preparation and commercialization of coffee, to its export to consuming countries and its final sale. This will enable the CEC to:

- determine where resource allocation, management, infrastructure, information flow, etc., need to be improved;
- identify which actors are best suited to act on bottlenecks: governments, NGOs, the coffee industry, financiers;
- recommend policies, economic instruments, institutions and infrastructure development for each actor along the coffee production/consumption chain; and
- demonstrate convincingly to the private sector that it is profitable to invest in a coffee agroforest fund.

It is not the intention of the CEC to run the fund, but rather to demonstrate its potential profitability and environmental advantages. As a first deliverable we have received the six coffee cooperatives that were selected for the small-scale study. Together, these six account for 12 percent of the coffee producers in Mexico, and account for nine percent of the coffee-producing area and of the organic coffee produced in 2000.

Sustainable palm

The two papers on Mexican production and commercialization of the chamaedorea palm on the international markets have been revised by the consultants, based on the advisory group’s recommendations, and are now being edited for their upcoming release in their original language (in Spanish). Both documents are now available for comment. The links between palm production and extraction and forest cover are now being studied in collaboration with Conabio.

Tourism

Proceedings of the La Paz meeting are available for comments and will be finalized by the end of March. This project will end with the report by the (Conservation of Biodiversity's) Baja to Bering group at the end of March.

Financing and the Environment

In late February 2002, the CEC will release a draft report on Financing and Environment: Transparency and Disclosure of Environment-Related Financial Risks. The report provides a comparative analysis of financial disclosure rules as they relate to environment-related risks and liability in Canada, Mexico and the US. The main point of comparison is how provisions of the US Securities and Exchange Commission compare with those in place in Canada and Mexico.

In mid-March 2002, the CEC will release a draft report on environmental auditing and comparative environmental reporting, with a particular emphasis on the financial services sector. On 25 March 2002, in Montreal, the CEC will host the first "Financing and the Environment" meeting, in conjunction with CESPEDES. The objective of the meeting is to examine the relationship between the environmental agenda and the financial services sector. In addition to participants from commercial banks and the investment community, representatives from the World Bank, WBCSD, ICC and UNEP's Financing and Environment division are expected at the workshop.

1.1.4 Exploring Market-based Mechanisms for Carbon Sequestration, Energy Efficiency, and Renewable Energy in North America

In November and December 2001, copies of the "Mexico and Emerging Carbon Markets" report were mailed to government officials and experts working on climate issues.

As a follow-up to issues raised during the Electricity and Environment Symposium, and in conjunction with the CEC-Conae Gallup market analysis of renewable electricity in Mexico, on 18 February 2002, the CEC hosted a meeting on renewable energy in North America in Montreal. The objective was to examine barriers and opportunities to renewable energy in North America. This initiative was intended to complement the ongoing work of the North American Energy Working Group and its technical subcommittees. In November 2001, the CEC released an updated version of its online database on "green" energy initiatives: these include timely and comparable information on energy efficient products, renewable "portfolio" standards and initiatives, and green pricing initiatives.

The CEC has released its report "Environmental Challenges and Opportunities of the North American Electricity Market."

10(6) Environment and Trade Officials Group

On 18 January 2002, the [Article] 10(6) Environment and Trade Officials Group meeting convened. Chaired by the Government of Canada, the Parties made progress on four substantive issues:

- The use of precaution in domestic environmental laws. Preliminary views were provided on three background papers on precaution, which had been commissioned by the Secretariat upon instructions from the Parties in late 2000. The Parties agreed that they would send comments and revisions on

either two or all three of the papers, after which most likely two of the aforementioned papers would be released to the public, conditional upon the understanding that the papers do not formally represent the views of the Parties. In addition, Canada provided a presentation on its work on precaution. It was agreed that a follow-up workshop on precaution should be held to examine practical issues at the regulatory level. In preparing for the workshop, the Secretariat will compile and circulate to the Parties information about discussions of precaution underway in other international fora (e.g., OECD, UNEP, WHO). No date was set for the next meeting.

- **Assessing the Environmental Effects of Trade:** The Parties confirmed that the scope of the CEC's work should include ex ante and ex post analysis, and will include NAFTA plus future trade commitments under the WTO and FTAA;
- **Renewable Electricity:** The Parties agreed that, as well as the criteria established for "environmentally preferable electricity," issues related to the comparability of definitions should be examined.
- **NAFTA Environment and Trade Ministerial Meeting:** The Parties agreed to prepare a preliminary agenda for a possible ministerial meeting to be held in 2003. This will take place prior to the deputies meeting in April 2002.

.2 Conservation of Biodiversity

1.2.1 North American Bird Conservation Initiative

A trilateral memorandum of understanding for bird conservation has been drafted, which not only emphasizes the commitment of the Parties and private partners to bird conservation in North America but also encourages nations beyond North America to participate in this agreement. It is seen as a natural next step after Resolution 99-03 of the CEC Council. The goal is to have this document ready for signing by June 2002. Additionally, a funding framework is being finalized to make NABCI financially self-reliant, and a shared communication strategy is under development, including an updated web site. Finally, a set of criteria has been developed to assist NABCI national committees to identify demonstration projects and it is expected that before June 2002, the CEC, together with the NABCI Trilateral Committees, will have determined trilateral NABCI demonstration projects to be carried out throughout 2002.

1.2.2 Species of Common Conservation Concern

Since 2000, the three federal Wildlife Services of North America have agreed to work together to protect 17 species of wild birds and mammals considered "*Species of Common Conservation Concern*" (SCCC). Given that the majority of these species are associated with grasslands—one of the most threatened environments in North America—and that their main threat is habitat disturbance and loss, the CEC facilitated a process to guide conservation efforts for these species from an ecosystem perspective. As part of CEC's 2002 program, a strategy is being drafted to inform and guide a framework for cooperative efforts of the three North American countries. This strategy will also clearly highlight the value added by the CEC in the conservation of grassland species of common conservation concern and their habitats.

The various elements necessary to build the draft trilateral grassland conservation strategy are well underway. Towards the end of 2001, a multi-stakeholder meeting was organized in Mexico to assist that country in developing its own perspective on the conservation of grasslands. Additionally, a grasslands map is being developed, aimed at integrating all relevant conservation planning units available for this ecosystem (e.g., Important Bird Areas, First Nations/Native American reservations, priority watersheds, etc). The draft strategy is expected to be available toward the end of March 2002, and will serve as a

basis for designing joint action plans on specific themes indicated therein. For September 2002, as part of its annual meeting, the Wildlife Society will permit the CEC and its partners (including the Nature Conservancy, the National Wildlife Federation, and the US Fish and Wildlife Service) to hold a joint symposium to present the trinational draft strategy and related topics (Bismarck, North Dakota, September 2002).

1.2.3 North American Marine Protected Areas Network (NA MPA Network)

The following activities are being implemented:

Marine Mapping

Each Country Team has reviewed the existing initiatives, assessed needs and identified common criteria as well as common land and sea limits for the mapping effort. “Straw man” maps for Levels I, II and III have been developed in Canada and Mexico (the US is in the process of drafting their maps), gearing up for the March workshop in Charleston, SC, during which the first draft North American map will be developed.

Marine Protected Area (MPA) Networking and Capacity Building

Integrated Management for the North American MPA Network

Work has begun on various aspects of the development of the network, and elements are now at a stage where they are converging to generate a ‘vision’ for integrated management for the North American MPA network: (a) the Marine and Estuarine Ecological Regions Mapping project is defining *the framework*; (b) the Marine Species of Common Conservation Concern is defining, in part, *the what*; (c) identifying conservation Priority Areas is recognizing *the where*; and (d) the Management Effectiveness work is outlining the *how well*. The Integrated Management component of the project is currently assessing the tools, approaches and processes needed to define *the how*—i.e., how important conservation sites should be linked together in order to maintain ecological integrity and protect shared resources.

Inventory

A North American MPA clearinghouse is under development to allow access and query capability to different North American and global MPA inventory databases. By bringing these independent databases together, MPA managers, scientists and directors will be able to more fully understand the marine environment in its entirety, enabling an improved decision making process.

During the NABIN Portal Workshop (21–22 February 2002, Montreal, Canada) experts from throughout North America identified the next steps in its architecture, linkages with data sets, interoperability of databases and map-servers, and formal agreements for data exchange.

North American MPA Managers’ Exchange and Meeting

Eighteen North American MPA managers, six from each country selected according to common interests and needs, are taking part in an exchange. During each day of the exchange, the host manager(s) will cover topics relevant to everyday management issues and identify: 1) examples of best practices, 2) needs for of capacity building and training, and 3) useful documents, manuals and spread sheets. This material will be used in the development of a subsequent MPA Managers’ Toolkit. A background report is also being developed for the MPA managers’ meeting that describes the issues facing MPAs in the B2B

region, and provides examples of how practitioners are approaching these opportunities and challenges.

Trinational conservation priorities and measuring effectiveness

Marine Species of Common Conservation Concern (MSCCC)

After a process lasting almost a year, which has seen the development of coarse-scale criteria (drafted at the Monterey Workshop of May 2001), country lists, and fine-scale criteria (developed after the workshop by the MSCCC task force), the Marine Species of Common Conservation Concern 2002 have finally been selected:

Blue Whale (*Balaenoptera musculus*)
East Pacific Green Turtle or Black Turtle (*Chelonia mydas*)
Gray Whale (*Eschrichtius robustus*)
Guadalupe Fur Seal (*Arctocephalus townsendi*)
Hawksbill Turtle (*Eretmochelys imbricata*)
Humpback Whale (*Megaptera novaeangliae*)
Kemp's Ridley Turtle (*Lepidochelys kemp*)
Killer Whale (*Orcinus orca*)
Leatherback Turtle (*Dermochelys coriacea*)
Loggerhead Turtle (*Caretta caretta*)
Pink-footed Shearwater (*Puffinus creatopus*)
Right Whale (*Eubalaena glacialis* and *Eubalaena japonica*)
Sea Otter (*Enhydra lutris*)
Short-tailed Albatross (*Phoebastria albatrus*)
Xantus' Murrelet (*Synthliboramphus hypoleucus*)

Presently, a report is being developed on the fifteen MSCCC. This report will give a brief description of the species, outline the species' status (including a review of the factors affecting the status of each), provide present and future areas for collaboration, and country contacts. The first draft should be out this spring.

Identifying Priority Areas for B2B

Work is underway to gather background information to be used as a basis for identifying priority areas in the B2B region. In coordination with the Marine Conservation Biology Institute, the NA MPA Network is planning a workshop of experts for late summer 2002 to define the final areas.

Marine Conservation Targets and Indicators

This initiative involves two phases. First, during a workshop held May 2001, the development of a generic framework to gauge management effectiveness was initiated. These results are being incorporated into broader practices focused on employing effectiveness measures in the successful management of MPAs. Second, while program-specific measures are being designed around the world, this initiative is seizing the opportunity to craft a comprehensive, web-based information management system that will compile these site-level effectiveness results to illustrate important trends and valuable lessons learned about MPAs across broader geographic scales, including entire regions (Clearinghouse on Management Effectiveness). It is being developed in close coordination with the MPA Inventory and the CEC's North American Biodiversity Information Network (NABIN).

8.1.1 Closing the Pathways of Aquatic Invasive Species across North America

The CEC has partnered with Conabio to develop a prototype for a Mexican clearinghouse for aquatic invasive species that will link the *Red Mexicana de Informacion sobre Biodiversidad* (REMIB), NABIN, and the Global Invasive Species Information Network, strengthening Mexican information capacity on invasive species.

1.2.5 North American Biodiversity Information Network

During the August 2001 NABIN Steering Committee meeting, the CEC had the opportunity to review the North American collective vision for NABIN. It was recognized that NABIN's goals fall in direct alignment with the agreements and priorities of the last CEC Council session (June 2001, Guadalajara, Mexico) pertaining to biodiversity information access. The recommendations resulted in the following actions:

- a) Unify key technologies already developed under the NABIN umbrella towards a common and improved technology.** Unification of *Red Mexicana de Informacion de la Biodiversidad* REMIB/Conabio and the Species Analyst is being developed to establish a common and improved technology, with the potential for a more powerful and intuitive tool. Work is underway to integrate ITIS North America within NABIN in the year 2002.
- b) Leverage key data sets to be linked with NABIN to provide critical new functionality in the data infrastructure.** Expansion of museum collections has been supported by the Species Analyst network and the REMIB. New partnerships include Atlas Canada, NOAA, DFO and INE. These institutions are providing maps, distributing data sets and are becoming active partners in portal design process. A contractual agreement with NatureServe (formerly the Heritage Center of The Nature Conservancy) will enable initial access to one of the largest biodiversity data sets in North America. Ties to universities GIS-equipped to host data sets are being discussed. To support content information and institutional links, the CEC has initiated development of a biodiversity web site catalogue. A revision is underway on a set of web site notices and rules for using the portal, and a paper on intellectual property rights intended for publication. The paper will address important legal issues for the NABIN portal and the CEC web site.
- c) Build an intuitive and user-friendly interface to NABIN applications to permit a much broader user community.** Work has started on the prototype version of the NABIN portal. The CEC received critical input at a trilateral experts' workshop on 21–22 February 2002. Prototypes of the architecture design and graphic user interface will be reviewed at the workshop, and later at the NABIN Steering Committee meeting (tentatively scheduled for April 2002).
- d) Develop training and user-access materials to extend the use of NABIN tools and data into government, NGOs, educational, research, and public communities.** As a part of the unified version of the Species Analyst and REMIB, a manual is being produced, geared to multi-levels of users to facilitate the transition.
- e) Develop specific applications that demonstrate the key nature of the NABIN information infrastructure in CEC projects, and in projects relevant to each country.** The prototype portal will focus on three examples to increase and improve access to biodiversity information: the Marine Protected Areas project, the Species of Common Conservation Concern project (SCCC or "grasslands"), and NABCI—through the Yellowstone to Yukon initiative. Links to other databases such as the CEC's Pollutants and Health are also being discussed. Also, map servers at the Species Analyst are being linked to a conservation initiative in the Yellowstone to Yukon

region, focusing on birds of the Rockies. This prototype is an example of NABIN's support to ecoregional conservation efforts and eventually to the NABCI program.

8.2 Pollutants and Health

1.3.1 Facilitating Trilateral Coordination in Air Quality Management

The CEC hosted two meetings in Montreal on air emission inventories: the first, on 15 November 2001, in which federal, provincial, state and local government inventory developers from all three countries identified priority areas for further inventory development needs, and a second, for the general public, on 13 December 2001, in conjunction with a regularly scheduled PRTR Consultative Group meeting. At the latter, the CEC Air Program received input from a range of interest groups on the air emissions inventory activity.

1.3.2 Developing Technical and Strategic Tools for Improved Air Quality in North America

As a result of the meeting discussions described immediately above, the CEC Air Program identified two areas for work under this activity in 2002. The CEC plans to sponsor a workshop on the use of the new MOBILE6 mobile emissions inventory model during 2002. The CEC will also explore the development of a common emissions data exchange format to facilitate the transfer of air emissions information across borders.

1.3.3 Trilateral Air Quality Improvement Initiative: North American Trade and Transportation Corridors

Under a project supported by the CEC Air Program, the Northeast States for Coordinated Air Use Management (NESCAUM) has planned a meeting to bring together experts on heavy-duty truck inspection programs. The meeting will be held 6–7 March 2002, in San Diego, California. The meeting goals are to share problem-solving experiences among truck testing programs and explore common criteria for these programs that can be mutually recognized in different jurisdictions.

1.3.4 Sound Management of Chemicals (SMOC)

A SMOC Working Group Retreat was held on 31 January–1 February 2002. It was intended as a brainstorming session to enable the Working Group, the CEC Secretariat and a few invited participants to begin an indepth assessment of the progress and accomplishments of the SMOC initiative and to encourage strategic thinking as to the future. An objective was to consider obstacles to progress and identify opportunities for improving the viability and effectiveness of the program. Special attention was dedicated to the observations and recommendations forwarded by the Joint Public Advisory Committee (JPAC) regarding the development and implementation process for North American Regional Action Plans (NARAPs) to be more visible and accessible to the public; the encouragement for more involvement of the general and selected public in the task forces; and the suggestion of possible options for increasing stakeholder participation in the substance selection process.

SMOC reaffirmed its direction on persistent toxic substances and proposed to take on a 'regional implementation' role, as allowed for in the Stockholm POP's Treaty. SMOC also is developing a strategy for dealing with a broader cross-section of chemicals.

The SMOC Working Group held its 13th regular meeting with a joint public meeting with JPAC in

November 2001, in Tucson, Arizona.

In the Sound Management of Chemicals initiative, a number of actions have been launched or advanced since November 2001:

The results achieved under the DDT NARAP are being shared with the seven Central American countries. These activities are being funded by the CEC, PAHO and the Global Environment Facility, a country reports on the status of DDT and malaria control have been produced.

A communications package was prepared for the Stockholm POPs meeting in order to highlight the actions North America, and in particular Mexico, has taken to stop production and use of DDT.

The mercury NARAP is a comprehensive action plan that addresses the reduction of emissions of mercury from human activities throughout North America. For this, the Secretariat has assigned funds from a previous study to assess extending the coverage of the Mercury Deposition Network by installing two wet deposition collectors for mercury on Mexican territory. Success with this program is crucial for the task forces for the mercury and the monitoring and assessment NARAPs.

The implementation task force has continued to focus priority on building capacity in Mexico by funding education and awareness-raising of officials in the Mexican national health ministry. A possible pilot project to provide a mercury-free medical equipment in a hospital in Mexico City is also being evaluated. The program would substitute thermometers and perhaps provide mercury-free esphinomameters.

The SMOC Working Group approved a recommendation from the Substance Selection Task Force for a NARAP on lindane. The recommendation was forwarded to the Alternate Representatives at their meeting last November, for them to consider and endorse for Council. Ideally, it would be approved in June 2002.

Much progress has been made in the implementation of the 1996 PCBs NARAP, as evidenced by the 2001 draft status report now under development, and the input received from the countries on their priorities for future work under the NARAP, before being transmitted to SMOC for its review. The proposal is to advance the PCB file in a cooperative manner through the PCB task force, by holding a technical workshop to examine: the current environmental policies and standards of the three countries; the international obligations regarding PCBs; the types of PCB wastes in need of management; best practices and best available technologies for PCBs; and the means for continuous improvement of standards for management of PCBs in North America.

The NARAP on chlordane has been underway since 1997. A key deliverable was the cessation of use and production of this pesticide in North America. This has now been accomplished with the latest actions that Mexico has undertaken. A final report describing all the actions has been completed and the chlordane task force has recommended to the SMOC Working Group that the final report be published and the task force disbanded. A final report will be presented to Council. As there continues to be concern about illegal transboundary shipments of chlordane, the task force also is recommending that this issue be tracked by the Enforcement Working Group.

The First Citizens Trilateral Conference on Dioxins and Furans, and Hexachlorobenzenes, was held last October in Mexico City, with representatives of 21 civic organizations of the three countries, and the support of the CEC Secretariat, prior to a government meeting and a public workshop with more than 100 stakeholders. The task force has developed the terms of reference, a work plan, and a draft action plan that is now undergoing internal government review.

A Monitoring and Assessment Workshop was held last December.

A draft NARAP on dioxins and furans will be ready for consultation this month and it is anticipated that it will be presented to Council for approval in June 2002.

Given recent Council public statements of concern about lead, a Statement of Mutual Concern is in preparation concerning this substance and its compounds, and a recommendation is expected to be forwarded to the SMOC Working Group shortly.

The Substance Selection Task Force has undertaken a public review of the substance selection process and will request public feedback on its report shortly.

1.3.5 North American Pollutant Release and Transfer Register (PRTR) Project

Taking Stock 99 is nearing completion, and is slated for publication in late spring 2002. Concurrent with the release of the written report, the *Taking Stock Online* web site will be updated with the new data sets, allowing users flexible access to five years of data. A trilateral consulting team is preparing a special feature on toxic chemicals and children's environmental health, which will be published in mid-2002 as part of the *Taking Stock* series.

A meeting of the Consultative Group for the North American PRTR Project was held in Montreal on 12–13 December 2001, to obtain input on the development of the *Taking Stock 2000* report and to explore ways of strengthening linkages between PRTR data/reporting and other CEC programs, such as SMOC. There was broad support for strengthening such linkages, particularly for mercury and dioxins and furans, and a joint meeting with SMOC was proposed as a means to promote mutually beneficial interactions between the two initiatives. Many of the Consultative Group stayed on to participate in the public meeting on the development of criteria air pollutants/greenhouse gas inventories held by the Air Quality Project. The governmental PRTR representatives met on 14 December 2002, to discuss the outcomes of the public session and to discuss issues of comparability, particularly in light of the recently passed legislation in Mexico that provides for a mandatory, publicly accessible PRTR program.

Work continues to promote improved comparability among the three national PRTR systems. Building on the first version of the “Action Plan to Enhance the Comparability of North American PRTRs” that was developed and agreed by the national PRTR representatives in June 2001, they continued work on the document during their 14 December meeting, adding more specific targets for the actions called for in the Plan.

The CEC is becoming increasingly engaged in international activities on PRTRs. In December 2001, the CEC participated in the third meeting of the working group to develop a PRTR protocol under the Aarhus Convention, where there was considerable interest in the North American experience with creating the ‘matched’ data set and the *Taking Stock* report. In February, the CEC participated in a meeting of the IOMC PRTR Coordinating Group, of which the CEC is a member. The IOMC is a coordinating mechanism among a number of UN agencies and the OECD focused on issues of sound chemicals’ management. The CEC has been given the responsibility of coordinating the preparation of the PRTR Coordinating Group’s report to be submitted to the Fourth Session of the Intergovernmental Forum on Chemical Safety (IFCS).

1.3.6 Capacity Building for Pollution Prevention

Liaison has been established between the pollution prevention round tables of North America. They are currently reviewing the domestic pollution prevention policies and strategies of each country with a view to developing a common vision for a regional strategy. The last meeting was held in conjunction with the fall event of the US pollution prevention round table in Charleston, South Carolina, in November 2001. The meeting reviewed progress on the analysis of domestic policies and strategies that will serve as a basis for a joint proposal to be presented to the CEC Council of Ministers in June 2002. A joint declaration of cooperation will be made public, and potential joint projects for 2002 and 2003 will be discussed.

Pollution Prevention Fund (Fondo para Proyectos de Prevención de la Contaminación—Fiprev)

With the contributions from the CEC and the *Fundación Mexicana para la Innovación y Transferencia de Tecnología en la Pequeña y Mediana Empresa* (Funtec) to Fiprev this year, the fund attained a capitalization of more than US\$1 million. So far, 48 credit applications have been approved and 30 loans have been extended for an amount of P\$7.1 million. Environmental and economic follow-up on the projects has shown that the investments are generally recovered within one year; that the projects are viable to such an extent that they have no outstanding debts; that the savings realized to date by these 30 projects are on the order of P\$7.4 million annually, and that water savings of 89,500 m³ and air pollutant reduction of 1,800 tons per year are being achieved.

In order to promote Fiprev's capacity to support Mexican SMEs, negotiations have taken place with *Nacional Financiera* (the Mexican federal business development bank) and the Ministry of Economic Development (*Secretaría de Economía*) for their participation in pollution prevention financing activities. The latter has engaged a contribution of P\$2 million to the Fund. Fiprev is right now in the process of creating the administrative infrastructure to operate funds from the *Nacional Financiera* up to P\$9 million. This will lead to a significant increase in Fiprev's lending capacity.

1.3.7 Children's Health and the Environment in North America

On 26 November 2001, the Expert Advisory Board on Children's Health and the Environment in North America held its first meeting. They selected a chair (Dr. Irena Buka) and discussed their aims and means for fulfilling the mandate given to them by Council to advise on matters of children's health and the environment. The Board also accepted the invitation of JPAC to hold a joint meeting in Mexico City on 7 March 2002.

The Trilateral Workshop on Children's Health and the Environment in North America was held on 27–28 November in Montreal. Governmental representatives and members of the Expert Advisory Board spent two days in a series of break-out sessions discussing the situation in the three countries, identifying potentially fruitful areas of collaboration and preparing outlines of proposed projects. The outcomes of the workshop have served as the basis for the development of a draft Cooperative Agenda for Children's Health and the Environment, which will be circulated for public comment in mid-February and discussed during the joint public meeting of the Expert Advisory Board and JPAC in Mexico City on 7 March 2001. Following the public comment period, the Cooperative Agenda will be revised and finalized by June 2002.

8.3 Law and Policy

1.4.1 Comparative Report on Environmental Standards

With regard to the report provided last November, the CEC presently has the draft reports prepared by the

consultants in Canada, Mexico and the United States. The information compiled includes data referring to: a) the context and background of intensive stockbreeding practices in each of the three countries in North America, b) information on the main environmental and health repercussions and concerns relating to this activity, c) information on the laws and government policies of each country, and d) detailed information on the legal requirements for carrying on this type of activity.

The CEC has hired an editor who is currently working in close collaboration with the consultants on the process of consolidating the draft comparative report. A first draft is expected in early March.

1.4.2 Environmental Sound Management of Hazardous Waste

Following the Council mandate provided during its last meeting in Guadalajara, the CEC is beginning a regional-approach project for North America on the “Environmentally Sound Management of Hazardous Waste” (ESM). The project has two components: the first (activity 1) will focus on the development of a general analysis of the legal ESM requirements in the three countries, while the second component (activity 2) will focus on the transboundary movement of hazardous waste, particularly the information requirements for the importation and exportation processes.

A task force was created to advise on this project, which has been working since last December and which has made the following advances to date:

- The group has developed the framework to help define the scope of the project. It was principally agreed to concentrate on currently existing efforts and focus on those ESM requirements having significant transboundary implications.
- For activity 1, terms of reference have been prepared and the consultant who will compile the information and prepare the report has been identified. The expected areas of focus for this analysis include: a) current flow of hazardous waste among the three countries, b) the enforcement of ESM standards in the domestic and transboundary movement of materials of this type, and c) a comparison of the legal requirements for handling hazardous waste in each of the three countries. A first draft of the report is expected for group review by late March or early April of this year.
- For activity 2, the task force is studying the best way to join the current US and Canadian efforts to document and examine the monitoring processes for the movement of hazardous waste across their border. For this study, the CEC will join the US-Mexico and Mexico-Canada components. The overall result of this project will be a report on the legal requirements, operations, procedures and processes, and the current monitoring systems involved in the importation and exportation of hazardous waste. This document is expected to be useful to the three countries as a strategic tool to help improve current monitoring systems and support recommendations promoting the adoption of a compatible electronic monitoring process throughout the region. The preparation time for the first draft of the report with the US-Mexico and Mexico-Canada components is expected to be approximately five months, once the consultant is identified and the terms of reference are identified.

1.4.3 North American Regional Enforcement Issues

The North American Working Group on Enforcement and Compliance Cooperation (EWG) had its annual meeting on 7–8 February 2002. The following special circumstances preceding the meeting, heightening its importance, should be noted. The changes of administrations in the United States and Mexico, as well as administrative changes in Environment Canada, led the group to postpone the discussion of new cooperation projects while it awaits the naming and/or confirmation of several of its members, and to include topics of priority to the new administrations on the agenda. The development of existing EWG

projects was not significantly affected, and were undertaken in a timely manner. However, it was necessary to postpone the group's meeting—it had not met since October 2000—for discussing the continuity of projects and commenting on new areas of cooperation.

The February meeting provided an excellent opportunity for the EWG to introduce its new members, as well as members of the Joint Public Advisory Committee (JPAC), to the work it has been doing and to discuss and start work on the following agenda topics: a) enforcement and compliance priorities for Canada, the United States and Mexico, b) border environmental safety and control measures, c) transboundary movement of hazardous waste, d) training in mutual legal assistance, e) enforcement of ODS laws, f) enforcement of forestry measures, g) citizen participation in EWG projects, and h) preparation of the report to Council on the follow-through and implementation of the guidance document "Improving Environmental Performance and Compliance."

With respect to the collaborative work being undertaken by the ESM group, and regarding last November's report, at present, the CEC has the final drafts of the reports prepared by the consultants and has sent copies to the EWG for its review. The reports include information such as: a) regulations and policies pertaining to mercury and mercury products and wastes, b) the scope of the cross-border trading of such materials, c) existing control mechanisms for the importation and exportation thereof, and d) recommendations for the proper monitoring of cross-border flows.

1.4.4 Enforcement and Compliance Capacity Building

The North American Wildlife Enforcement Group (NAWEG) conference on citizen participation methods will take place on 28 February and 1 March 2002, and a considerable number of NGO representatives, academics and government officials from Canada, Mexico and the United States will participate. The format of the agenda is expected to facilitate the exchange of citizen and government experiences, as well as obtaining ideas and proposals to improve current mechanisms for citizen participation.

The training workshop on the illegal trafficking of ozone-depleting substances (ODSs) took place in Mexico City on 6–7 November. The event, called a great success by the representatives of the three governments during the EWG meeting, brought together participants from the three countries' customs agencies, as well as government officials of the Office of the Federal Attorney General for Environmental Protection (*Procuraduría Federal para la Protección al Ambiente*—Profepa), Environment Canada, the US Department of Justice and the US Environmental Protection Agency. Representatives of the United Nations Environment Program, the NGO "Environmental Investigation Agency" and the companies DuPont México and Quimobásicos also participated in the workshop. The objective of the workshop was fulfilled, with the training of the various participants in the theoretical and practical aspects of ODS, such as: a) awareness of the environmental and health implications of the thinning of the ozone layer, b) the Montreal Protocol and the implementation thereof within the regulatory framework of the three countries, c) enforcement experiences in the United States and Canada, d) routes and methods of the illegal ODS traffic, e) identification of ODS containers, and f) an analysis of practical cases.

1.4.5 Enforcement and Compliance Reporting

The special report on enforcement was published on the CEC web site in June of last year. However, the printed copies of the report were not received until early November, to be distributed to the members of the EWG, JPAC, the Permanent General Committee and various law schools in North America, NGOs, consultants, academics, governmental representatives and environmental groups. Various topics for developing this year's special report on enforcement were suggested at the last EWG meeting, although

the group did not reach a consensus and will continue discussing the choice of the report's topic in an upcoming conference call.

8.1.1 Sustainable Use and Conservation of Freshwater in North America

The CEC held an expert workshop to scope areas of potential cooperation in this area, on 21 January 2002, at the Munk Centre for International Studies in Toronto, Ontario. Experts highlighted information needs, data gaps and reporting opportunities related to groundwater in North America. Proceedings are under review by expert participants and will be forwarded to the Parties for comments in March. Additional opportunities for expert input are being identified in order to present suggestions to Council, pursuant to the 2002 work program.

8 OTHER INITIATIVES

8.1 SOE Report

The CEC released its first ever State of the Environment Report in December 2001. On March 21-22, the CEC will host a meeting of OECD staff and government officials responsible for OECD indicator reporting to identify and propose a means of employing OECD environmental indicators for North American State of the Environment reporting in 2003. A draft annotated outline of the proposed report will be developed following the meeting and provided to the Parties.

8.2 Public Access to Environmental Information

The report published in 1999, entitled "Public Access to Government-Held Environmental Information," is presently being updated. The updated report will contain a new section for each country summarizing rules governing non-disclosure of information on the basis of confidentiality. The new section on exceptions to disclosure is being developed in response to Council's request for a summary of confidentiality provisions that apply to the disclosure of environmental information.

8.3 2002 Council Session

In preparation for the ninth Regular Session of the Council, to be held on 18-19 June 2002, in Ottawa, the Secretariat has provided the Parties with a draft agenda, including an outline of proposed items for discussion and decision, for their consideration. The Secretariat has also provided the Parties with a draft general program and a program of events opened to the public, which we hope can be finalized during this session.

Given the April 21 deadline for the public to submit their request for financial assistance and/or to make an oral presentation during the public portion of the Council Session, the public notice of the meeting and the provisional program of events opened to the public should be released no later than 15 March 2001.

8.4 2000 Annual Report

Providing the US and Mexico's country reports are received by the Secretariat by the end of February or early March, the Secretariat anticipates being able to release the annual report during the course of the summer of 2002.

9 MONITORING AND EVALUATION

The *Evaluation Framework of the CEC – Principles and Procedures* and the chronological overview of the evaluation process for CEC programs were forwarded to the Parties on 29 January. This framework was prepared taking into account the results of the critical review of the logic of the initial *Implementation of a Monitoring and Evaluation Framework for the CEC*, which was recently completed by Consulting and Audit Canada (CAC).

The framework is intended to guide CEC area directors and program managers in the establishment of an evaluation baseline within the organization. It succinctly reviews the basics of monitoring and evaluation, and introduces the key Results-based Management (RBM) concepts (as per JPAC's recommendation). This document includes both a planning template and a reporting template, which are required to carry out evaluations. These cover, respectively:

- a) project objectives, reconstituting projects, to the best of our abilities, since their inception; and
- b) project results to date.

These templates represent a compromise between accepted current evaluative standards and CEC capacity at this point in time. They will be revised for the second evaluation round, scheduled to begin in early 2003.

The completed draft templates for the Mexico Liaison Office are in the process of being cleared by the Liaison Office director and those for the Law and Policy and Conservation of Biodiversity program areas are being reviewed by the respective program heads and will then be cleared by the director of programs, paving the way for the evaluation, *per se*.

Copies of the draft-completed templates for the Law and Policy and Biodiversity Areas were forwarded to the Parties on 7 February. Once finalized, they will be translated and will serve as the basis for the evaluations. We expect to forward draft templates for the Mexico Liaison Office shortly.

The completed draft templates for the Pollutants and Health, and Environment, Economy and Trade program areas will also be ready and be forwarded to the Parties before the end of March.

As per the schematic overview of the attached evaluation process, we expect to forward draft terms of reference for the evaluation of the Mexico Liaison Office, as well as for the evaluation of the Law and Policy and Conservation of Biodiversity program areas to the Parties for comments and suggestions in late March. Given the Parties' familiarity with these programs and their objectives we consider this input to be essential and look forward to receiving it at that time.

Finally, as we are currently at the stage of constituting a roster of evaluators, we would greatly appreciate any suggestions and names of potential experts who could be contacted to conduct these evaluations.

4 ARTICLE 13—ELECTRICITY RESTRUCTURING

The CEC has hosted several meetings to generate input into the Article 13 report, including the symposium in San Diego and a workshop (in December) on emissions trading in North America. Most recently, on 18 February, the CEC hosted a major meeting of government officials, private sector representatives and NGOs to identify opportunities and challenges for trade in renewables in North America. Proceedings will be available soon. The Secretariat will submit the final Article 13 report to Council in March 2002.

10 ARTICLE 14 SUBMISSIONS

Under Article 14, any citizen in North America may make a submission to the Commission calling attention to situations where governments may not be enforcing environmental laws effectively. This tool is for members of the public to request that the CEC develop a factual record on alleged non-enforcement of environmental law.

8.1 Status of the Eleven Submissions under Review as of 25 February 2002

5.1.1 Factual Records in Development

On 16 November 2001, the Council unanimously decided to instruct the Secretariat to prepare factual records in accordance with Council Resolutions 01-08, 01-09, 01-10, 01-11 and 01-12, regarding the following submissions:

- 1) **Aquanova.** SEM-98-006/*Grupo Ecológico Manglar A.C.* (concerning Mexico's enforcement in regard to the shrimp aquaculture activities carried on by the company Granjas Aquanova, S.A. de C.V. in Isla del Conde, San Blas, Nayarit).
- 2) **BC Logging.** SEM-00-004/*David Suzuki Foundation, et al.* (concerning Canada's enforcement of the Fisheries Act against logging operations in British Columbia).
- 3) **BC Mining.** SEM-98-004/*Sierra Club of British Columbia, et al.* (concerning Canada's enforcement of the Fisheries Act against mining operations in British Columbia).
- 4) **Migratory Birds.** SEM-99-002/*Alliance for the Wild Rockies, et al.* (concerning enforcement by the US of the Migratory Bird Treaty Act against logging operations).
- 5) **Oldman River II.** SEM-97-006/*The Friends of the Oldman River* (concerning Canada's enforcement of the Canadian Environmental Assessment Act and the Fisheries Act).

Consistent with Council Resolution 01-06, which encourages the Secretariat to make best efforts to process submissions in a timely manner, all five factual records are currently scheduled for completion by November 2002.

5.1.2 Factual Records pending Council Decision on Development

- 1) **Molymex II.** On 20 December 2001, the Secretariat informed the Council that the Secretariat considers that submission SEM-00-005 / *Academia Sonorense de Derechos Humanos et al.* (concerning Mexico's enforcement in relation to air quality and environmental impacts of molybdenum processing plant) warrants developing a factual record.
- 2) **Río Magdalena.** On 5 February 2002, the Secretariat informed the Council that the Secretariat considers that submission SEM-97-002 / *Comité Pro Limpieza del Río Magdalena* (concerning Mexico's enforcement in relation to wastewater discharges) warrants developing a factual record.

The Council may, by a two-thirds vote, instruct the Secretariat to proceed with the preparation of a factual record.

5.1.3 Determination Pending Whether Factual Record is Warranted Under Article 15(1)

- 1) **Cytrar II.** SEM-01-001 / *Academia Sonorense de Derechos Humanos, A.C. et al.* (concerning Mexico's enforcement in relation to hazardous waste landfill)
- 2) **Tarahumara.** SEM-00-006 / *Comisión de Solidaridad y Defensa de los Derechos Humanos, A.C.* (concerning Mexico's enforcement in relation to access to environmental justice to indigenous communities)

5.1.4 Submissions Awaiting Party Responses

- 1) **Ontario Logging.** On 6 February 2002, the Secretariat received submission SEM-02-001 filed by Canadian Nature Federation et al. (concerning Canada's enforcement of section 6(a) of the Migratory Bird Regulations against the logging industry in Ontario). The Secretariat requested a response from Canada on 25 February 2002.
- 2) **Mexico City Airport .** On 7 February 2002, the Secretariat received submission SEM-02-002 filed by Jorge Rafael Martínez Azuela, et al. (concerning Mexico's enforcement of its environmental law with respect to the noise emissions originating at that airport). The Secretariat requested a response from Mexico on 22 February 2002.

5.2 Council's Decisions on the Public Release of the Final Factual Record

Metales y Derivados. On 7 February 2002, the Council unanimously voted to make the Final Factual Record publicly available regarding submission SEM-98-007 / *Environmental Health Coalition et al.* (concerning Mexico's enforcement of its environmental law regarding an abandoned lead smelter in Tijuana, Baja California, Mexico). On 11 February 2002, the Secretariat released to the public the Final Factual Record in accordance with Council Resolution No. 02-01 dated 7 February 2002. The process was therefore terminated.

8.1 Historical Background of Submissions

The twenty-two submissions that are no longer pending were addressed as follows:

Eleven submissions have been dismissed on the grounds that they did not warrant further consideration based on Article 14(1) or (2) :

- Spotted Owl- SEM-95-001/Biodiversity Legal Foundation et al.
- Logging Rider- SEM-95-002/Sierra Club et al.
- Tottrup- SEM-96-002/Aage Tottrup
- CEDF- SEM-97-004/Canadian Environmental Defence Fund
- Biodiversity- SEM-97-005/Animal Alliance of Canada et al.
- Guadalajara- SEM-98-001/Instituto de Derecho Ambiental, A.C., et al.
- Ortiz Martínez- SEM-98-002/Ortiz Martínez

- Molymex I- SEM-00-001/Rosa María Escalante de Fernández
- Jamaica Bay- SEM-00-003/Hudson River Audubon Society of Westchester, Inc., et al.
- AAA Packaging- SEM-01-002?
- Dermet- SEM-01-003/Mercerizados y Teñidos de Guadalajara, S.A.

Two submissions have been terminated under Article 14(3)(a):

- Methanex- SEM-99-001//Methanex Corporation
- Neste Canada- SEM- 00-002/Neste Canada Inc.

Four submissions have been terminated under Article 15(1):

- Oldman River I- SEM-96-003/The Friends of the Oldman River
- Lake Chapala - SEM-97-007/Instituto de Derecho Ambiental
- Cytrar- SEM- 98-005/Academia Sonorense de Derechos Humanos
- Great Lakes- 98-003/Department of the Planet Earth et al.

One submission has been withdrawn by the Submitters:

- Fort Huachuca- SEM-96-004/The Southwest Center for Biological Diversity et al.

Three factual records have been prepared and made public:

- Cozumel- SEM-96-001/Comité para la Protección de los Recursos Naturales, A.C. et al.
- BC Hydro- SEM-97-001/B.C. Aboriginal Fisheries Commission et al.
- Metales y Derivados - SEM-98-007/Environmental Health Coalition et al.

The Council has dismissed one submission under Article 15(2) following notification from the Secretariat that preparation of a factual record was warranted:

- Quebec Hog Farms- SEM-97-003/Centre québécois du droit de l'environnement et al.

6 PARTNERSHIPS

Current status of the Regional Program of Action and Demonstration of Sustainable Alternatives for Malaria Control without the Use of DDT in Mexico and Central America

In October 2001, the joint proposal of the CEC, PAHO, UNEP and the eight participating countries was sent to the Global Environment Facility (GEF) for its evaluation. A favorable response from the GEF Executive Council regarding the financing of the project is expected by February or early March 2002. The Commission is providing the amount of US\$200,000 during its implementation.

The program would run for a three-year period. Its main objective would be to demonstrate that malaria vectors can be cost-effectively, replicably and sustainably controlled without the use of DDT in Mexico and Central America. The GEF would be providing an amount of US\$7,495,000. This contribution,

together with the funds invested by the eight participating countries (\$2,544,000), the Commission would contribute an additional US\$200,000 to the \$100,000 used in the preparation phase (PDF phase) of the proposal (total of \$300,000) and the Pan-American Health Organization (\$754,000), would yield a grand total of \$11,093,000.

8 ADMINISTRATION AND FINANCE

8.1 Financial Resources

The last quarterly report as of 31 December has been submitted to the parties. As of the closing of the fourth trimester of year 2001, the proportional contributions from the three parties were received.

8.2 Human Resources

The Secretariat is presently recruiting and selecting candidates for Director of Communications, Head, Law and Policy Area and Director of Programs.

7.3 Headquarters Agreement with Quebec

The Understanding with the Government of Quebec was signed on 10 December 2001. Several meetings with officials were held in order to implement specific dispositions of the Understanding.

8 COMMUNICATIONS AND OUTREACH

8.1 Web Site

For the period of fall 2001 until today, the CEC web site has continued to evolve and progress. Among the perceptible changes we can note:

A brand-new document section

It is now easier to find publications and documents belonging to a particular activity or area. Just click on the "Publications and Information Resources" box on our homepage <www.cec.org>.

A redesigned SEM section

An effort has been made to make the SEM process easier to consult online and to print; it is also now easier to follow the history of a submission.

Hits

In terms of traffic, the web site is now attracting more than 80,000 individuals who make 500,000 visits per month. This is an all-time record for the web site.

The popularity of the web site is being reflected in the number of documents that are being downloaded. The State of the Environment report has been downloaded 78,000 times since its launch, which makes it the most popular publication ever by the Secretariat. It is an increase of 700 percent in comparison of *Taking Stock 98*, which held the record before that.

9 NORTH AMERICAN FUND FOR ENVIRONMENTAL COOPERATION (NAFEC)

NAFEC issued a Call for Proposals in early January. Proposals are sought for projects that are related to renewable energy, energy conservation or energy efficiency. Preference will be given to projects that build on energy-related initiatives to develop other components of a sustainable economy. The deadline for submission is 1 April 2002. Grants will be announced in late June.

Proposed modifications to the *NAFEC Administration and Funding Guidelines* will be discussed at the 8 March 2002 JPAC regular session. Changes are being made in order to reflect the current realities of NAFEC and the CEC.

Presentation regarding Secretariat's Article 13 report on Electricity Restructuring



Environmental Challenges and Opportunities of the Evolving North American Electricity Market

Secretariat Report to Council under
Article 13 of the NAAEC
March 2002



Context

- Domestic environmental policymakers are operating in the context of an increasingly continental electricity market
- North American Leaders in April 2001 announces pursuit of closer continental partnership, with a focus on energy
- Identify common approaches to expand the generation, distribution and trade of energy

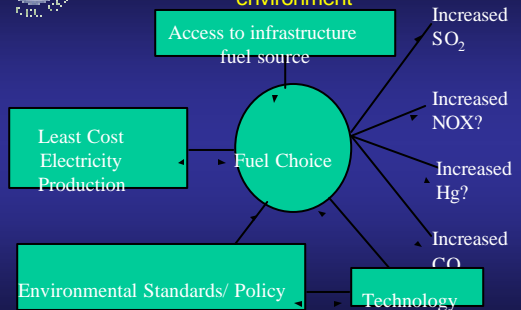


Key Issues

- 1) Convergence in electricity policies in North America need to be complemented with convergence in environmental policies related to electricity generation and distribution at a North American level
- 2) Lack of efforts to examine necessary compatible environmental policies in electricity sector at North American level could lead to:
 - less effective domestic air quality measures (i.e. transboundary air pollution)
 - trade and environment disputes, (no discrimination for "like" products) e.g. production and process methods in RPS, no uniform approach to renewables
 - pollution havens and generation clusters



Factors in North American electricity market integration that affect the environment



Possible Future Outlook

- Announced plans to build **800- 2,000** new power generating units in North America, to 2007
- Corresponds to announced construction of 240-490 GW new capacity. Total installed 1999 capacity in North America was 990 GW
- Less than 40% announced units likely to be built.



Considerations

- Uncertainty over which projects will go forward
- Uncertainty over location and effect of additional emissions burden local area or downwind
- Uncertainty over fuel choice
 - Current conditions favor natural gas, but this could change
 - Estimates suggest what regions power developers find attractive - possibly because of fuel availability, transmission access, or less stringent environmental standards



Possible Implications

- Potential challenge in meeting current environmental and health objectives in North America
 - » Canada increase: Hg (0 to 11%); CO₂ (3 to 16%), SO₂ (-1 to 0%), NOX (4 to 14%)
 - » Mexico increase: Hg (19 to 24%); CO₂ (29 to 53%), SO₂ (2 to 2%), NOX (40 to 63%)
 - » U.S. increase: Hg (3 to 15%), CO₂ (14 to 38%), SO₂ (-1 to 1%), NOX (3 to 8%)



Laws, Policies and Programs

Conclusion:

Failure to ensure compatible (not identical) environmental standards, laws or programs could:

- 1) render environmental programs less effective in downwind jurisdictions
- 2) lead to environment and trade disputes
- 3) result in pollution havens



Laws, Policies and Programs

Recommendations :

- 1) Promote sub-regional airshed management, in transboundary areas where cross border air pollution is a concern
- 2) Explore transboundary emissions trading
- 3) Facilitate dialogue among environmental policy makers on innovative regulatory and non-regulatory approaches to air quality issues associated with the electricity sector
- 4) Adoption of minimal national standards



Improved Information

Conclusion:

North American policy makers need to have a continental picture of new or proposed additional generation of electricity facilities to better understand potential cumulative impacts on air quality



Improved Information

Recommendations :

- 1) Establish a mechanism, i.e. clearinghouse, for exchange of information on proposed electricity generating facilities
- 2) Expand use of long-range source/ receptor models and monitors to better inform decision makers on potential effects of proposed increases in generating capacity on a transboundary scale
- 3) Develop transparent and comparable emissions inventories from electricity generation plants to support trend analysis, emissions trading and public right-to-know



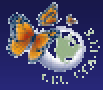
Energy Efficiency

Conclusion:

Energy efficiency represents the most inexpensive and effective way to free up electricity supply

Recommendations:

Pursue collaboration in mutual recognition of energy efficiency. Product labeling and certification for North America



Renewable Energy

Conclusion:

Renewable electricity sources represent a key part of a strategy for energy security and environmental sustainability

Recommendations:

Explore opportunities for a more consistent North American approach to defining “renewable energy” to facilitate trade and avoid potential conflicts with trade rules

13



Environmental Impact Assessment

Conclusion:

Increase in generating capacity in North America should be pursued while avoiding adverse impacts on health and environment

Recommendations:

- 1) Establish mechanisms for transboundary environmental impact assessments
- 2) Consider cumulative impacts in environmental assessment efforts

14



Technology Transfer and Assistance

Conclusion:

Mechanisms are needed to help realize potential of market integration to increase investment in cleaner technology, increase capital turnover of older equipment and accelerate diffusion of new technologies

15



Technology Transfer and Assistance

Recommendations :

- 1) Create North American fund or financing mechanisms to promote adoption of best available control technologies and best practices in energy efficiency and conservation
- 2) Explore emissions trading technologies and sources of financing for improvements
- 3) Explore innovative partnerships and incentives for increased research and development for cleaner technologies

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Supportive Collaborative Actions

- Comparable North American emissions inventory for electricity sector
- Develop model framework of necessary elements of a North American emissions trading regime
- Survey consistency of North American environmental standards

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Mexico, March 7, 2002

COUNCIL RESOLUTION 02-02

Instruction to the Secretariat of the Commission for Environmental Cooperation regarding the assertion that Mexico is failing to effectively enforce certain environmental laws regarding the pollution of the Magdalena River through the discharge of wastewater from the municipalities of Imuris, Magdalena de Kino and Santa Ana in the Mexican state of Sonora.

THE COUNCIL:

SUPPORTIVE of the process provided for in Articles 14 and 15 of the *North American Agreement on Environmental Cooperation* (NAAEC) regarding submissions on enforcement matters and the preparation of factual records;

CONSIDERING the submission filed on the above-mentioned matter by Comité Pro Limpieza del Río Magdalena, and the response provided by the Government of the United Mexican States on July 29, 1998; and

HAVING REVIEWED the notification by the Secretariat of February 5, 2002, that the development of a factual record is warranted in relation to certain assertions included in the submission (SEM-97-002);

HEREBY UNANIMOUSLY DECIDES:

TO INSTRUCT the Secretariat to prepare a factual record in accordance with Article 15 of the NAAEC and the *Guidelines for Submissions on Enforcement Matters under Articles 14 and 15 of the North American Agreement on Environmental Cooperation* for the assertions set forth in Submission SEM-97-002 that Mexico is failing to effectively enforce Articles 88 paragraph IV, 89 paragraph VI, 92, 93, 117, 121, 122, 123, 124 and 133 of the LGEEPA (*Ley General del Equilibrio Ecológico y la Protección al Ambiente*) with respect to the pollution of the Magdalena River through the discharge of wastewater from the municipalities of Imuris, Magdalena de Kino and Santa Ana in the Mexican state of Sonora;

TO DIRECT the Secretariat to provide the Parties with its overall work plan for gathering the relevant facts and to provide the Parties with the opportunity to comment on that plan; and

TO DIRECT the Secretariat to consider, in developing the factual record, whether the Party concerned is “failing to effectively enforce its environmental law” since the entry into force of the NAAEC on January 1, 1994. In considering such an alleged failure to effectively enforce, relevant facts that existed prior to January 1, 1994, may be included in the factual record.

APPROVED BY THE COUNCIL:

Judith E. Ayres
For the Government of the United States of America

Olga Ojeda Cárdenas
For the Government of the United Mexican States

Norine Smith
For the Government of Canada